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Briefly Speaking

B. Sp. No. 17

April 15, 1941

Quotas Protect Farm Income and Markets

National Problem

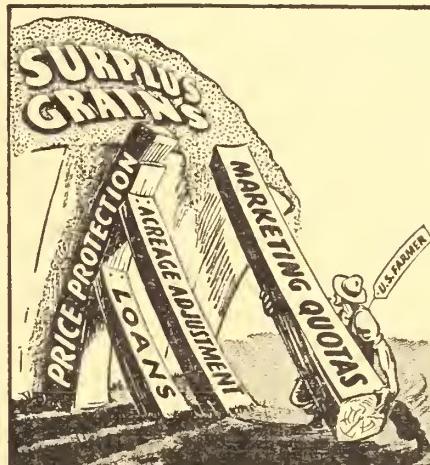
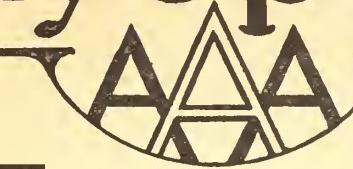
It is a matter of national concern that wheat farmers today are faced with this problem: Record supplies of wheat are on hand or in sight, and farmers will have to vote in a referendum on marketing quotas on the 1941 crop.

Concerns towns and cities.—This concerns not only the wheat farmers, but the livestock producer, the dairy farmer, the poultryman, and businessmen and merchants in every area where towns and cities depend on rural trade. I need not remind wheat farmers of the disaster of the early thirties when they sold their crops on markets buffeted by world depression. Large supplies of feed threw the livestock and grain industries out of balance. To our farmers this brought a common plight—ruinous competition for the beef and pork producer, the sharpest increase in dairy cows on record, deep inroads on the markets of the small farmer and the poultryman. Similarly, this meant empty tills in the stores and garages and banks on Main Street.

But for more than 8 years our farmers have handled their problems through a farm program that today provides them with acreage control, crop loans, wheat crop insurance, and marketing quotas. I am sincere in my belief that full application of this program can avoid the calamity of the early thirties.

Other countries feel blow.—We need only to look to our neighbors for examples of what happens today when farmers face without protection the stiffest sort of competition for shrunken markets. In Canada we have seen the spectacle of farmers being able to sell only part of their crop and then only at prices 30 cents below the price United States farmers received. Canadians last fall had

(Continued on back page.)



Referendum Record

Farmers have given their approval on all but four of 24 referendums held on various commodities since December 1934. The record follows:

Commodity	Date	Percent "Yes" votes of total cast
Cotton:		
Bankhead referendum	Dec. 1934	89.5
Marketing quota	Mar. 1938	92.1
Do	Dec. 1938	84.1
Do	Dec. 1939	91.2
Do	Dec. 1940	92.3
Corn-hogs	Oct. 1934	67.1
Do	Oct. 1935	86.5
Rice:		
Marketing quota	Dec. 1938	48.2
Tobacco:		
Kerr-Smith referendum	Dec. 1934 to Feb. 1935	94
Referendum on continuation of program	June-July 1935	95.6
Marketing quotas:		
Flue-cured	Mar. 1938	86.2
Fire-cured and dark air-cured	do	80.6
Burley	Apr. 1938	87.1
Flue-cured	Dec. 1938	56.8
Fire-cured and dark air-cured	do	60.4
Burley	do	59.4
Flue-cured	Oct. 1939	90.0
Burley	Nov. 1939	83.3
Flue-cured	July 1940	86.1
Burley	Nov. 1940	76.5
Dark air-cured	do	84.2
Fire-cured	do	86.3
Wheat:		
Potatoes:		
Acreage referendum	May 1935	86.7
	Oct. 1937	82.6

The Task Ahead

For the time being, we have said good-bye to a fourth of all our markets for wheat. And the American producer of the world's bread crop sits on the ragged edge of ruin. Add the wheat problem to the cotton problem, the tobacco problem, and the fruit problem, and you've got the makings of a national calamity. We couldn't afford such a calamity in peacetime, much less in time of defense preparedness.

If we don't make a big adjustment in wheat, the case is hopeless. If we do make it, we have a chance to work our way out of our troubles. But the road won't be easy. We could grow at least 80 million acres of wheat every year. Yet we can supply all our markets and have some to spare on only about 55 million acres * * *

Adjustments will help us keep the wheat loan program going. Without the loan, wheat prices for a long time past would probably have been under 30 cents. With the loan, and with Triple A payments, cooperating farmers have been getting about 80 cents a bushel.—N. E. Dodd, Director, Western Division, AAA, National Farm and Home Hour, February 3, 1941.

Parity and the Consumer

How much would parity prices add to consumer's costs?

Full parity prices on these commodities (cotton, wheat, corn, and tobacco) would add only about a nickel to the cost of a cotton shirt, about three-fourths of a cent to the cost of a loaf of bread and less than three-fourths of a cent to the cost of a package of corn flakes. Cigarette prices would show no advance at all, because tobacco was about parity at the time a recent study was made.—R. M. Evans, AAA Administrator, Des Moines, Iowa, January 29, 1941.

Lost Markets Increase Problems for Wheat Farmers

Wheat Supply

What is the estimated carry-over of wheat for 1941?

The domestic utilization of wheat for food varies little from year to year; during 1940-41 it is expected to approximate 509 million bushels. After allowing for estimated feed and seed requirements, the quantity of wheat available for export in 1940-41 or for carry-over into 1941-42 will probably be about 415 million bushels.—*National Food Situation, BAE, February 1941*. On the basis of present prospects, exports are not likely to exceed 20 million bushels, which would indicate a carry-over July 1, 1941, of about 395 million bushels.

1941 Allotment

In view of large supplies, why was the 1941 wheat allotment the same as in 1940?

Although war, military blockades, and conquest of many of our wheat customers have combined to wipe out virtually all exports, the 1941 allotment was maintained at the same level as in the preceding year in order to build up our reserves for any eventuality. The AAA farm program makes such a safety measure possible because it provides wheat growers with machinery like the wheat loan and the marketing quota to handle reserves of surplus proportions and to protect their incomes while insuring America plenty of food.—*USDA Press Release No. 1681-41*.

Exceeded Acreage

How will quotas affect the man outside the program?

The noncooperator (the farmer who has exceeded his allotment) can market, without penalty, the normal or actual production of his acreage allotment, whichever is greater. The noncooperator may secure a loan at 60 percent of the loan value to co-operating producers. This loan can be secured only on the amount of wheat produced in excess of the farm marketing quota.

When Effective

When will quotas become effective?

If wheat quotas are put into operation they will be effective during the marketing year beginning July 1 and will also be in effect on wheat harvested in 1941 which is marketed prior to July 1.

Price Support

How will the quota system help wheat prices?

If the quotas are not approved, there can be no loan and hence no

support to prevent wheat prices from falling to world levels. The world situation is such that without the support of wheat loans, our farm prices would be around 25 or 30 cents a bushel.—*Wheat Marketing Quota Questions and Answers, Division of Information, AAA, January 1941*.

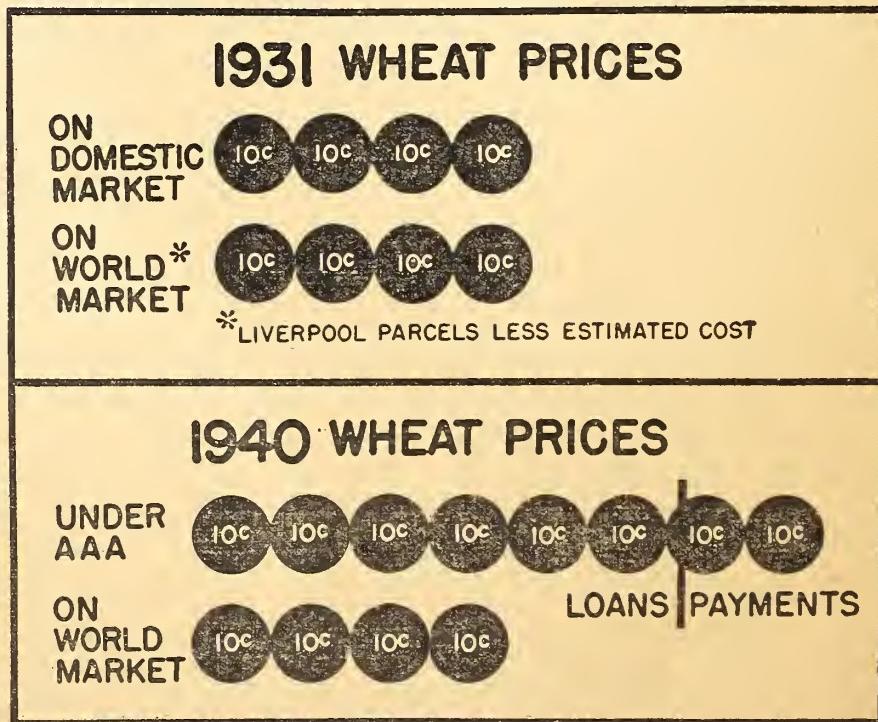
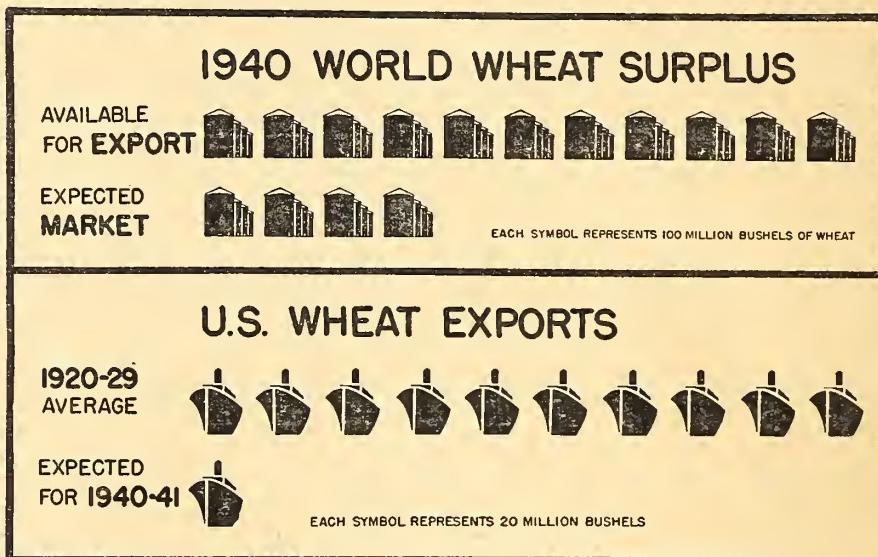
1939 Adjustment

How have wheat growers used acreage allotments to meet supply problems?

The year 1939 is a good example of how the allotment works. We had a large surplus from the 2 previous years when we had no acreage pro-

gram. The 1939 national allotment was 55 million acres, the minimum permitted under the law.

Here is what wheat farmers did when they had their first opportunity (under the 1938 act) to cooperate nationally in adjusting acreage. They reduced their wheat seedings from 80 million acres in 1938 to 64 million in 1939. That's more wheat acreage than the allotment called for, but the reduction was the greatest United States farmers had ever made in a single year.—*USDA Press Release No. 932-41*.



Post-War Protection

Agriculture will need protection against having to be the main post-war shock absorber. It filled that role after the last war and is still weak in consequence. Following World War I, agriculture provided foodstuffs and fibers at ruinously low prices and made, as it were, a forced contribution to the incomes of city people. Moreover, it carried in agriculture an excessive proportion of the national population. * * * Agriculture cannot stand again between the rest of the community and the shocks of post-war depression. * * *

Agriculture must keep its farm adjustment machinery oiled. The Government must support its prices. Farmers must continue soil conservation through AAA practices and soil conservation associations. Through procedures already developed, they must cooperate increasingly with Federal and State agencies in farm program planning and administration. There is no prospect of automatic farm recovery, no prospect of painless farm improvement. Farmers will not find their problems simple. They will badly need the adjustment machinery, but properly managed it will serve them well.—*Secretary of Agriculture's 1940 Annual Report.*

Rubber in America

Rubber specialists believe there are millions of acres in tropical America as well adapted to growing rubber as the 8,000,000 acres now in rubber in the East. Although the United States uses more than half the annual world production of rubber, and has used as much as 80 percent, little of it is produced in the Western Hemisphere. Two United States firms already are planting rubber in tropical America. One company has about 20,000 acres planted in Brazil; the other has about 2,000 acres in Costa Rica and Panama.—*U. S. D. A. Press Release 237-41.*

Farm Population Pressure

From 1930 to 1935, there was an apparent increase of 1,632,000 persons living on farms, resulting in part from the "back-to-the-land movement" and in part from an excess of births over deaths. On the whole, changes in farm population during the depression had intensified the pressure on farm families in the "problem areas."—*Frank Lamer, American University, Washington, before Senate Civil Liberties Committee, May 7, 1940.*

► Mexico encourages cooperatives by exempting them from certain taxes.

Cost of Distribution

It costs 1½ billion dollars to market the billion dollars' (farm prices) worth of fruits and vegetables produced in the country each year. Many people with an expert knowledge of the marketing of these products think this cost should be reduced. They wonder whether more fruits and vegetables could be delivered to more people at a lower total price with a higher return to farmers.—*Consumers' Guide, March 15, 1940.*

Smaller Farms Better?

There are two and one-half acres of crops harvested per person in the United States, excluding exports, compared with about one acre in Germany, one-half acre in China, and one-quarter acre in Japan. It is my opinion that in much of the agricultural area of the United States the farming people could enjoy more of the comforts and pleasures of life, such as good roads, electric power with its manifold uses, better school and church facilities, etc., if the people lived closer together, if the farms were smaller in area and the production per acre were higher.—*O. E. Baker, in Agriculture in Modern Life (Harpers), (pp. 24-25.)*

No Corn Quota

Secretary Wickard (has) announced that there will be no corn marketing quota this year, although the large supplies of corn had made it seem likely that a quota would be required. This was done, not to increase corn production generally, but to make certain that all livestock producers would have the feed necessary to increase their livestock production. The corn allotment remains unchanged.

Farmers who wish to plant over their corn allotments, up to what is known as their "usual" acreage, may do so and still participate partly in the Triple-A program. However, the farmer who overplants his corn allotment will not receive corn conservation payments or corn parity payments, nor will he be eligible for corn loans. * * * Those who plant above their corn allotment must not exceed their total soil-depleting allotment by more than 18 percent of the corn allotment if they are to receive the full amount of their soil-building and other payments. * * * To the farmer who stays within his acreage allotments, the payments and loans are a protection against loss of income.—*Harry N. Schooler, Director, North Central Division, AAA, Farm and Home Hour, April 9, 1941.*

Grass as a Crop

Pasture is a farm crop; it produces a good or poor return, as compared with the other crops, in proportion to the interest and attention it receives. Too often the average farmer does not select land for pasture but uses whatever is left after providing for the other farm crops. The best farm land is now productive because nature kept it in permanent wildlife pasture before other crops were grown. Grass, as any other crop, responds to favorable conditions and fertile soil. In the past it has been the greatest of soil builders and it will continue to restore and maintain the fertility of all potential productive cropland if given an opportunity. Usually there is some land on the average farm that cannot or should not be used for cultivated crops but can best be adapted for permanent pastures.—*Soil Conservation, April 1940.*

Profit in Grass

A survey in southern Indiana indicated that those farmers with one-half of their land in pasture and one-half in crops made more money than those with one-fourth pasture and three-fourths crops. On these farms 36 percent of the total feed for dairy herds was produced from pastures which furnished nutrients at one-fourth the cost of nutrients in harvested crops.—*Soil Conservation, April 1940.*

Flax Production

* * * Increased domestic production (of flax) * * * has resulted in a total supply nearly equal to total domestic disappearance. U. S. producers are protected by a 65-percent import tariff, but obviously this protection would be ineffective as soon as domestic production equaled domestic needs. When flax from Argentina, our chief competing source of supply, was costing approximately \$2 at U. S. crushing plants, flax at Minneapolis was quoted at \$1.80. It is obvious from this analysis that, even with our present domestic supply, U. S. farmers are not getting the full benefit of the 65-percent protective tariff.—*G. F. Geissler, Assistant Director, Western Division, March 27, 1941.*

► On the basis of the 1935 agricultural census, it was estimated that 75 percent of the cropland areas of the United States were in need of conservation practices.

Farmer's Share

How much does the farmer get out of the retail cost of products made from his crops?

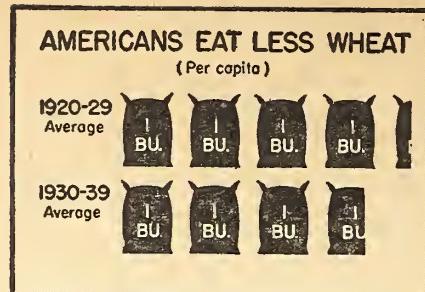
The cotton producer gets only about 7 cents from a cotton shirt that sells for \$1 at the store, and the wheat grower gets only about 1 cent from the sale of a loaf of white or whole-wheat bread which costs the consumer 8 or 9 cents. Most corn is fed to livestock and it is hard to say how much corn value there is in a pound of bacon or a beef roast, but I can tell you that the farmer gets only 1½ cents from a package of corn flakes that costs 7 cents at the grocery store. As for tobacco, a study was made a few years ago showing that the producer got a cent and a half from the average package of cigarettes costing about 13 cents at retail.—*R. M. Evans, AAA Administrator, Des Moines, Iowa, January 29, 1941.*

What is the farmer's share of the consumer's food dollar?

The farmer's share of the consumer's dollar spent for 58 foods averaged 42 cents in 1940, as compared with 41 cents in 1939, and with 40 cents in 1938. The farmer's share at the end of the year was 45 cents, as contrasted with 42 cents at the beginning. The average for the year was decreased by the fact that last June the farmer's share was only 39 cents. In the month before the outbreak of the European war—in August 1939—the farmer's share was 39 cents. In 1913—the year prior to the World War—the farmer's share averaged 53 cents. In 1917 the farmer's share averaged 60 cents. But by 1921 the farmer was getting only 44 cents, and in 1929 he received 47 cents. By 1932 the farmer's share had dropped to 33 cents. The largest in recent years was 45 cents average for 1937, but in 1938 there was a sharp drop—to 40 cents.—*BAE Report, January 30, 1941.*

Dollars for Goods

A dollar today is nothing more than a claim on the production of the United States: Ultimately, its value lies in the fact that it can buy in the United States some part of what this country produces. The principal effect, so far as we are concerned, of buying South American surpluses would be to increase the markets for United States goods.—*From address by Assistant Secretary of State Berle at Charlottesville, Va., June 22, 1940.*



Cotton Quotas

How have quotas affected cotton farmers?

Quotas don't affect either acreage allotments or payments. For those who take part in the program—and more than 95 percent of all cotton farmers do—quotas don't change the program a bit. Cooperators plant within their allotments, and they can market, without penalty, all they grow. A small minority of farmers—those who overplant their allotments—are the only ones who find that the quotas make any difference. They pay a penalty of 3 cents a pound on the cotton they market in excess of their quotas. However, even these people benefit from the program, because they can pay their 3 cents and still get more for their cotton than they could get at world prices.—*I. W. Duggan, Director, Southern Division, AAA, December 7, 1940.*

Livestock Profits

Reports on a study of livestock farms in the Northeast Region show, over a period of 18 years, that, when feed prices have been high, sales of livestock products have netted farmers approximately \$200 more than they have in the years when feed has been cheap.

Cheap feed reduces their expenses, but on the average it reduces their receipts about \$200 more than it reduces their expenses. One of the principal objectives of the farm program is to maintain feed prices at fair and stable levels. This is just as much in the interest of the Eastern farmer who buys part of his feed as of the Western farmer who sells feed.—*A. W. Manchester, Director, Northeast Division, AAA, Williamsport, Pa., February 20, 1941.*

Tobacco Crisis

How have tobacco farmers used quotas to meet their problems?

* * * The war left tobacco growers high and dry. Some way had to be worked out to handle that part of the crop for which there was

no demand or else prices would go down and stay down as they did in the First World War. * * * Farmers approved marketing quotas, and this enabled the Government to finance a purchase and loan program to handle the surplus. This year, 1941, and for the next 2 years, farmers have arranged to hold their marketing as nearly as possible in line with demand. Meanwhile, the large stocks controlled by the Government guarantee our ability to supply any foreign demand that can be developed. We're determined to regain our world markets to the fullest extent possible without endangering our own defense or aid to democracies abroad.—*W. G. Finn, Director, East Central Division, AAA.*

National Problem (Continued.)

to pile large supplies on the ground. In Argentina we see corn so cheap that the Government must buy an entire crop outright and offer it as fuel to burn.

Marketing quotas are a fair and workable means of meeting this problem. They give each farmer an equitable share in the market for his crop. They keep supplies in line with demand. They are the equivalent of a gigantic cooperative working out the orderly marketing of a crop. They are democratic, for each farmer affected has a vote, and two-thirds of the farmers voting must approve them before they go into effect.

Committeeman responsibility.—Committeemen have a heavy responsibility this year to bring all the facts about quotas to farmers. Wheat farming makes up so large a part of our agriculture that we must regard this as of national concern. This will be a time when real work on the part of committeemen is needed. In the past, AAA committeemen have been equal to such emergencies, and I am confident that they will do the job this time. Farmers have the privilege of voting in the accepted democratic manner whether or not they wish to put marketing quotas into effect. This is as it should be. I know that if farmers are given all the facts, they will make their decision with intelligence.—*R. M. Evans, AAA Administrator.*

► As long ago as 1929, half of all products going to market came from only 10 percent of the farms.—*Secretary Wallace, before the Senate Civil Liberties Committee, May 2, 1940.*